

**STRATEGY OF ADDING DISTRIBUTION CHANNEL THROUGH
ONLINE MARKETING IN ORDER TO INCREASE SALES
(BUSINESS COACHING AT SMALL MEDIUM ENTERPRISE
YES CAKE AND BAKERY)**

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ABSTRACT

Purpose

The purpose of this paper is to highlight the online marketing strategy and challenge to increase sales volume in small-medium enterprises for bakery industry in Indonesia.

Design/Methodology/Approach

This article features interview evidence gathered from women entrepreneur that working in family business. A series of structured interviews were conducted with the owner of YES Cake and Bakery in Jakarta. Subsequently, the results of the structured interviews were analyzed using qualitative analysis (business coaching approach) to decide the appropriate model of online marketing strategy for YES Cake and Bakery.

Findings

The findings show that the YES Cake and Bakery has established online marketing strategy through Website and Instagram to be implemented in marketing activities. The previous website that never be updated and contains old style so it can not generate increasing in sales volume. The Instagram account of YES Cake and Bakery isn't attractive in communication contents, feeds, and also the photos of the products. Moreover, integration of two channels (Website and Instagram) must be improved as a marketing process to generate more revenues and attract consumer's attention with the products.

Research Limitations/Implications

This research was only conducted in Indonesia particularly in region of Jakarta which focused on the small-medium enterprise which background is family business. Despite this limitation, the findings of this research enable the proper integrated communication of marketing that highlight increased revenue in sector bakery.

Originality/Value

This research will be beneficial in building the online strategy for bakery industry. The literature of this research enables researchers and practitioners to understand the model of multi-channel of marketing strategy.

KEYWORDS: *Online Strategy, Marketing, Website, Instagram, e-Commerce, Social Media, YES Cake and Bakery, Increased Revenue, Business Coaching & Distribution Channel*

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INTRODUCTION

In the last few years, social media transformed from a media where people can catch up to have communication and having a conversation with friend and colleagues to the marketing platform for business. All entrepreneurs and professionals moved to social media as a new marketing channel to their business. The latest research describes that the role of social media in marketing decisions is fascinating, meaning it is time companies started putting more emphasis on their social media strategy. But it becomes inclement that several businesses and organizations dive into the social media without an obvious strategy. And for the result, they end up frustrated. However, there is a fantastic result that social media, if approached well, can be a goldmine-where companies can increase the level of brand awareness and influence buying decisions of their consumers. For example, social media is a peer influencer when it becomes to buying decisions process, as 71% of consumers are desiring to purchase an item because of social media referrals. Another study carried out by reveals that 92% of marketers in 2014 claimed that social media marketing was the main factor for their business, with 80% indicating their efforts increased traffic to their websites. And according to Social Media Examiner, 97% of marketers are currently participating in social media-but 85% of participants aren't sure what social media tools are the best to use(Husain, Ali, & D.S., 2016).

Digital marketing is the new way to promote various products and services that use the digital channels of distribution using the computers, mobile phones, smartphones, or another digital services. Based on the usage of the digital media, digital marketing is one of the effective ways to engage communication through the Millennials. Most of millennial are likely surfing online to buy something, searching the news and entertainment or even have social networking (Taken Smith, 2012).

Internet and social media nowadays are famous because having a great impact on the business process and success of the business. Social media means that a “content” has been easily distributed through social interactions by some parties. Social media has big role play for all businesses because social media make the business to communicate, listen, and learn from their consumers in the new way that they never had before (Jones, Borgman, & Ulusoy, 2015).

The development of internet technologies give several benefits for small businesses. Overall, web pages and social media sites have potential ways to create opportunities for new channels and distributions and new marketing way. Web sites and social media are considered as interactive media because people can communicate and getting some new insights from that (Sahay, Gould, & Barwise, 1998).

Social media presence in this day has indirect benefits for the businesses. Social media does not always lead to immediate decision making or being purchasing behavior, but also used as a tool to develop relationships with all consumers over time. The objective of this media is to grab the attention of consumers to the web or social media, which is completely managed by the business(Jones et al., 2015).

The definition of SMEs is different from one country to another. However, the most common measurement used to classify the different size of business establishment is based on total assets, annual sales, and a number of workers employed by the business. Meanwhile, it has been known that not all SMEs need to adopt information and communication technology (ICT) at the same portion; different sectors use the Internet differently and therefore will adopt it at a different pace (Kotelnikov, 2007). Micro-sized manufacturing and service companies have the least to benefit from ICT adoption. These SMEs face a dilemma when it becomes to the adoption decision. While they recognize that many benefits to be

brought to the firms, high costs, security concerns, and limited knowledge of ICT have hindered them (Sin Tan, Choy Chong, Lin, & Cyril Eze, 2010). The findings are in line with the earlier argument that the majority of SMEs have not adopted, or are slow in adopting, ICT (Kotelnikov, 2007) and that the adoption intention is not affected by the number of employees or annual sales turnover, implying that Internet adoption is not a matter of choice across different firm sizes but rather a necessary tool for business success (Setiowati, Hartoyo, Daryanto, & Arifin, 2015).

A clustering policy for small and medium enterprises (SMEs) has been implemented by the Indonesian Government since the 1970s. The purpose of this policy is to foster their competitiveness with the intention that SMEs can be considered as one of the important drivers of national growth owing to the fact that Indonesia is a developing country with a large number of SMEs. Given the intense competition in most markets today, Hanna and Walsh (2002) suggested that in order to survive, SMEs must adjust to a changing industry; to endure and grow, they must adapt to technological advances and create new products. This means that SMEs should be more creative innovation to succeed in dealing with their consumers and their competitors, who are constantly honing their ability to compete with others. The problem is that SMEs have inadequate budgets for developing new products and implementing technology to become more competitive than the competitors (Najib & Kiminami, 2011).

In Indonesia, bakery industry is one of the rapid transaction to generate profit in a small medium enterprise. The growth of sector bakery in SMEs particularly in Indonesia is currently having significant growth in recent years. Association of Indonesian Bakery Entrepreneurs (APEBI) said that turnover bakery industry reached 20 trillion in 2014. This figure is experiencing an increase of 15% when compared to 2013. Products from the industrial bakery there are four kinds of bread, traditional cakes, cakes, and pastries. The bakery products contributed 60% of total revenue because it is consumed by society every day and already become a lifestyle while selling a/the proportion of traditional cakes are 25%, cake 5%, and pastry 10%. This indicates an increasing trend of consumption of bakery products because the welfare of Indonesian society is increasing in big cities like Jakarta, people consumed bread as a menu for breakfast. The welfare of the Indonesian people is characterized by improvement income per capita.

Increased competition in the bakery industry, resulting in that the company must prepare a strategy in order to compete with other competitors. This makes bakery industry needs to give more effort to survive and grow the business. For that, the company must maximize the profits that will be used to expand the market.

YES Cake and Bakery is a company that engaged in bakery industry which already produced various kinds of bread, cakes, cookies, and pastries. YES Cake and Bakery is located in Jl. Penggilingan No. 14 Cakung, East Jakarta. The company has been established since 1998. The company continues to grow by innovating and product differentiation. YES Cake and Bakery has done its best in running all activities in business, especially in the marketing activities. But in the determination of implementing marketing activities, it did not reach the optimal results. The company has difficulty in determining the proper strategy in marketing to generate more revenue, it is because the company did not separate between offline and online strategy in marketing.

Under this project, YES Cake and Bakery is targeted to establish multi-channel online marketing strategy through Website and Instagram to be implemented in marketing activities. Moreover, integration of two channels (Website and Instagram) must be improved as a marketing process to generate more revenues and attract consumer's attention with the products.

This research employs a qualitative analysis by conducting a series of structured interviews with the owner of YES Cake and Bakery. The alternative solution has decided by approaching business coaching method. Results of the business coaching method are discussed in order to get a proper multi-channel marketing from Instagram and Website to face the challenge in order to generate more revenue.

ONLINE MARKETING, SOCIAL MEDIA, AND DISTRIBUTION CHANNEL TO INCREASE SALES

Consumers have been using internet technologies in increasing numbers and more intensively, which presents opportunities for businesses to reach and connect with more people using websites and social media sites. Consumers use these technologies primarily for networking, relationship development, and deepening their relationships (Jones et al., 2015). Web sites and social media are considered interactive media because they let businesses move from simply providing one-sided information to letting consumers engage and interact with the content (Sahay et al., 1998).

Websites are among the most commonly used tools by businesses (Jones et al., 2015). According to Pick (2013), 93 percent of marketers use social media for business, and with the continued growth of social media, 75 percent of marketers plan to increase this usage. Social media are normally defined as internet-based applications that carry consumer-generated content which involves “media impressions created by consumers, typically informed by relevant experience, and archived or shared online for easy access by other impressionable consumers” (Blackshaw, 2006). Simply, they can be defined as “sites based on user contributions” (Agichtein, Castillo, Donato, Gionis, & Mishne, 2008). Social media can be classified into three categories according to Grewal and Levy (2013): social network sites (e.g. Facebook, LinkedIn), media-sharing sites (e.g. YouTube, Flickr), and thought-sharing sites (e.g. Blogs).

That research demonstrated that social media was a very effective tool for businesses to actively involve and engage target market customers and influence customer behaviors. The ability of social media to create interactivity and dialogue represents a powerful way to engage customers and develop long-term relationships with the business and the brand (van Noort, Voorveld, & van Reijmersdal, 2012).

There is still gap between ideal and actual condition in implementing the strategy of online marketing at YES Cake and Bakery. Many small businesses have the same problem that they lack of competences in operating technology in business.

Belch & Belch (2015), an important element that is part of the promotional mix is in the form of advertising, sales promotion, publicity, personal selling, direct marketing, and digital marketing. Currently, the development of technology to make digital marketing is an important thing that is widely used by companies to communicate with the target market. Digital marketing creates communication in the form of two-way communication between consumers and companies, where there are processes such as consumers receiving, filtering and sharing various information such as image information, submitting questions online, and purchasing goods online.

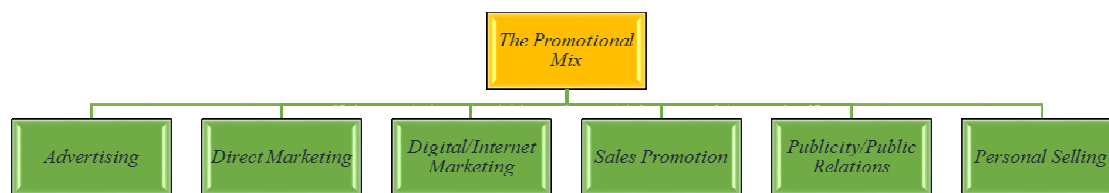


Figure 1: Elements of Promotional Mix



Figure 2: Function of Distribution Channel

Distribution channels are used to move a product from the producer to the final consumer through the retailer or marketing intermediary needed. The basic function of the distribution channel is to provide a relationship between production and consumption and to create time, place and ownership utility which is an added value of the distribution process (Argawal, 2015).

BUSINESS COACHING AT YES CAKE AND BAKERY FRAMEWORK

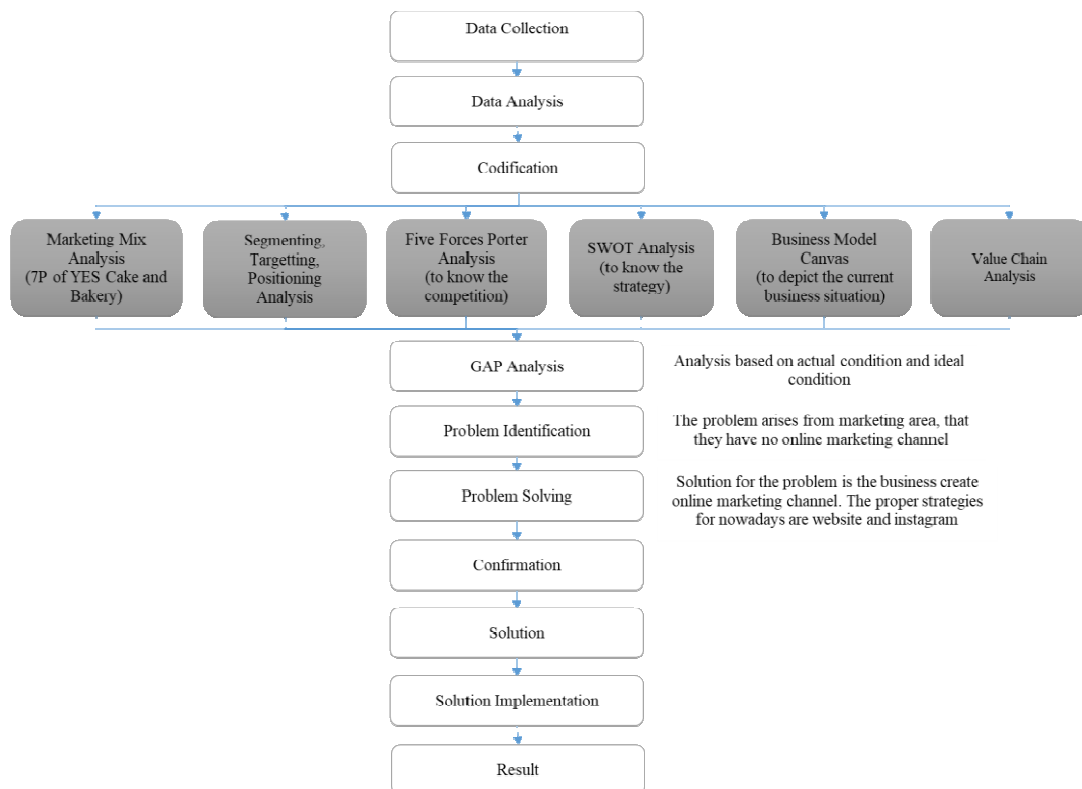


Figure 3: Process of Business Coaching

Business coaching research methods that will be discussed in this chapter describes the object of research and framework that describes the flow of business coaching activities. The framework of thought will be explained in this section from the process of data collection, content analysis, codification, STP analysis, SWOT analysis, Marketing Mix analysis, Business Canvas Model analysis, value chain analysis, Five Forces Porter analysis, GAP analysis, and last is Pareto analysis.

Data Collection

Data collection conducted in this business coaching is an in-depth interview, observation, and focus group. In-depth interviews were interviews conducted to respondents to dig up information in detail. Meanwhile, observation is the systematically recording of behavior patterns of people / objects / events to obtain information about the phenomena being observed (Malhotra, 2010). While Irwanto (2006) defines focus group discussions as a process of collecting data and systematic information about a particular problem that is very specific through group discussion.

Content Analysis

According to Holsti (1969) content analysis is a research technique to draw conclusions made by identifying the specific characteristics of a message objectively and systematically.

Codification

The codification process is an activity marking every important point of data that has been collected, relating to the needs of business coaching. This codification aims to distinguish information groups from each data. This tagging

process is related to keywords or information characteristics that are relevant to the analysis of the results.

Data Analysis

Presentation of data conducted on business coaching, using analysis of segmentation analysis, targeting, SWOT analysis from Gamble, Thompson, & Peteraf (2015), canvas business model initiated by Osterwalder & Pigneur (2010) in book Business Model Generation, and Five Porter Power analysis presented by Michael Porter.

GAP Analysis

The use of relevant theories on data analysis has been done, so that identifies some problems that inhibit YES Cake and Bakery sales. This problem causes a gap between ideal conditions and actual conditions.

Problem Identification

Based on the calculation of the contribution of problems that have been done, Coachee provides an assessment of the weight and value of the root cause of the problem gap.

Problem Solving

Based on the formulation of predetermined problems, the Coach tries to provide an alternative solution to answer the root of the problem. Some of the alternative solutions offered by Coach to YES Cake and Bakery include enhancing brand awareness and product excellence through online marketing such as Instagram and websites, reaching the B2B market through online marketing especially for social media users, and improving the website www.yescakebakery.com

Confirmation of Problem Solving

Based on the approval of YES Cake and Bakery, it is concluded that online marketing should be done to increase sales, product awareness and then Coach will discuss how YES Cake and Bakery can expand the marketing channels of products owned through online marketing.

RESEARCH METHODOLOGY

The sample of this business coaching activities is the owner of YES Cake and Bakery and employees of YES Cake and Bakery, especially salesperson who has direct contact with the customers. The method of this research is by interviewing Mrs. Linda as the owner and the employees. Moreover, Author observes the business environment and uses secondary data obtained from previous articles, literature and research journals as a reference theory related to this research. By doing an observation, author can also see how the conventional process business that will be changed into online marketing. Author can also consider about the person who will be the person in charge of the online marketing process. The interview process with Mrs. Linda as the owner of YES Cake and Bakery is an in-depth interview, which can provide information to the author such as the history of YES Cake and Bakery, the business processes, and the development of marketing process particularly in online marketing. One of the major problems in terms of marketing of YES Cake and Bakery is the organization doesn't have much capabilities to manage the website and Instagram and also there is no special person who can handle that new marketing process.

Re-making the website is the proper way to make new image of the business and also one of the attractive way to change the mindset of the customer to know the product knowledge from the internet without visiting the offline store. All

the new online marketing channel has the goal to increase the sales volume of the products.

CONCLUSIONS

- YES Cake & Bakery will change Segmentation, Targeting, and Positioning (STP) because there is a business process increasing that is online marketing. YES Cake & Bakery STP changed from all aspects including demographic, psychographic, geographical and behavioral.
- To increase sales related to products owned by YES Cake and Bakery, additional distribution channels will be used through online marketing, the company's website is already equipped by e-commerce features that will be made new. However, this proposal is still in the manufacturing process because the new program runs in the middle November 2017 and the process of shooting a new product is complete in early November 2017. The latest website is www.yescakeandbakery.com which already has e-commerce features.
- YES Cake & Bakery implement online marketing in addition to website that is social media. The chosen social media is usage Instagram.
- Adding new distribution channels, namely through online marketing. It is expected that it will have an impact on the sale because the website has e-commerce and social media features the existing contact UKM YES Cake & Bakery so that consumers can whenever and wherever to order the desired product.

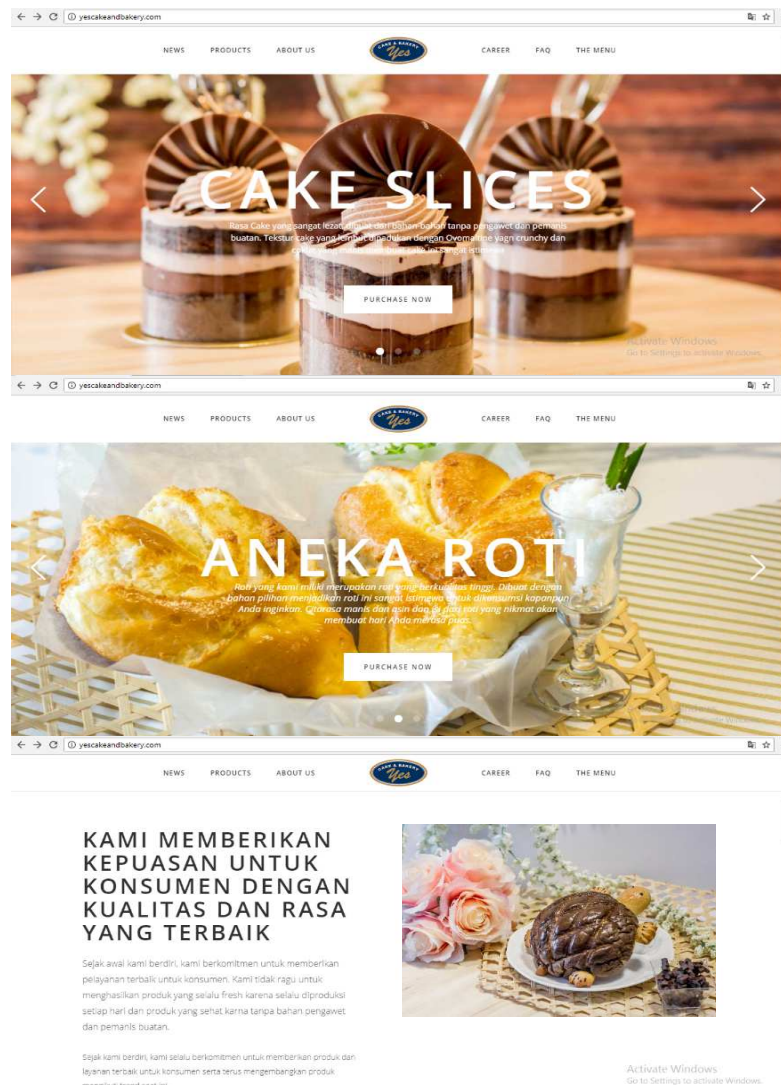
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APPENDIX

(New Website and Instagram Interface)





Terima kasih atas minat anda terhadap produk Yes Cake Bakery. Pesanan anda telah diterima dan akan diproses setelah ada konfirmasi pembayaran.

Rincian Pesanan	
ID Pemesanan: 25 Tanggal Ditambahkan: 04/11/2017 Cara pembayaran: Transfer Bank Cara Pengiriman: Ongkos Kirim Tarif Tunggal	Email: atrasmafazi90@gmail.com Telepon: 081287482810 Alamat IP: 128.199.82.66 Status Pemesanan: Canceled

Petunjuk
Instruksi Transfer Bank Bayar melalui transfer bank dengan rekening tujuan ke : Bank BCA a/n. Linda Pantjawiati a/c. 4820188883 Pesanan anda tidak akan kami kirim sampai kami menerima pembayaran.

Alamat Penagihan Pembayaran	Alamat pengiriman barang
atras mafazi jalan lembang jakarta 14350 Jakarta Raya Indonesia	atras mafazi jalan lembang jakarta 14350 Jakarta Raya Indonesia

Produk	Model	Jumlah	Harga	Jumlah
Sisir isi	bread	1	Rp7.500	Rp7.500
Sosis Ring	bread	4	Rp6.500	Rp26.000
Sosis Hot (Zoel)	bread	1	Rp6.500	Rp6.500
Sub-Total:				Rp40.000
Ongkos Kirim Tarif Tunggal:				Rp10.000
Jumlah:				Rp50.000

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